

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00
COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-02 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 OES-07
SP-02 SS-15 STR-04 TRSE-00 ACDA-10 FEA-01 USIE-00
INRE-00 NSCE-00 SSO-00 /102 R

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EB/ORF/FSE:PBARBIAN

EUR/CAN:HROUSE, JR.

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FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA IMMEDIATE

UNCLAS STATE 143903

E.O. 11652: N/A

TAGS:ENRG, CA

SUBJECT: GAS EXPORT PRICE INCREASE

REF: OTTAWA 5337

1. FOLLOWING CONTINGENCY PRESS GUIDANCE IS PROVIDED PER
PARA 8 REFTEL.

2. "INCREASE IN CANADIAN GAS EXPORT PRICES"

Q. WHAT IS YOUR REACTION TO THE CANADIAN ANNOUNCEMENT OF
AN INCREASE IN GAS EXPORT PRICES FROM C\$1.94 TO U.S.
\$2.16 PER MCF EFFECTIVE SEPTEMBER 21?

A. WE ARE OF COURSE UNHAPPY ABOUT CONTINUING ESCALATION
IN CANADIAN GAS EXPORT PRICES. WE HAVE IN THE PAST
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OBJECTED TO THE DIFFERENTIAL BETWEEN DOMESTIC AND EXPORT
PRICES FOR GAS. WE ARE CANADA'S ONLY GAS EXPORT CUSTOMER.
WE ARE PLEASED TO NOTE, HOWEVER, THAT THE PREVIOUS TREND
TOWARD WIDENING THIS GAP HAS BEEN ARRESTED. WHEN ALL OF
THE PRICE INCREASES ANNOUNCED TODAY HAVE BEEN IMPLEMENTED
THE GAP WILL HAVE NARROWED SLIGHTLY. WE APPRECIATE THE
OPPORTUNITY TO CONSULT IN ADVANCE OF THE DECISION, AND

WE ARE PLEASED TO NOTE THE INCREASE WILL BE SOME 9 CENTS PER THOUSAND CUBIC FEET BELOW THE NATIONAL ENERGY BOARD'S RECOMMENDATION.

Q. WHAT IS YOUR REACTION TO THE POSSIBILITY THAT (BECAUSE OF NEB REVIEWS) GAS EXPORT PRICES MAY BE INCREASED MORE FREQUENTLY IN THE FUTURE?

A. IT IS IMPOSSIBLE TO PREDICT FUTURE MARKET DEVELOPMENTS, BUT WE CONTINUE TO HOPE THAT IN THE INTEREST OF STABILITY, PRICES WILL NOT BE INCREASED EVEN MORE FREQUENTLY THAN IN THE PAST. THIS IS PARTICULARLY TRUE SINCE THERE IS NO INDICATION THAT CANADIAN DOMESTIC PRICES WILL BE INCREASED MORE OFTEN. VANCE

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Sent Date: 21-Jun-1977 12:00:00 am
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Disposition Approved on Date:
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Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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